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C O N F I D E N T I A L SECTION 01 OF 03 CARACAS 001635

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SUBJECT: CHAVEZ PROPOSES "SOCIALIST" CONSTITUTIONAL CHANGES

REF: A. CARACAS 001611
[1](#)B. CARACAS 001628
[1](#)C. CARACAS 001389

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Classified By: POLITICAL COUNSELOR ROBERT DOWNES,
REASONS 1.4 (B) AND (D)

[1](#)1. (C) Summary. After numerous delays (reftels), President Chavez finally proposed significant "socialist" changes to the 1999 Constitution in a lengthy August 15 speech at the National Assembly. As expected, Chavez framed his controversial proposals as giving more power to the people. He also included a number of populist ideas to help ensure that his package wins public support in a December referendum and to distract from his controversial proposal to eliminate presidential term limits and substantially weaken state and local governments. Chavez' proposals would concentrate more power with the executive at the expense of local governments, further politicize the armed forces, and give the BRV greater authority to regulate elections. In addition, they would create new forms of collective property alongside private property, give the state enhanced power to go after large landowners and monopolies, and eliminate the Central Bank's de jure autonomy. The 100 percent pro-Chavez National Assembly will likely pass Chavez' proposal with few, if any, changes in the next few months, and Chavez' firm grip on national institutions and his well-financed electoral machine make its passage in a referendum by the end of the year almost certain. End Summary.

The Roll-Out

[1](#)2. (SBU) President Chavez proposed changes to 33 articles of Venezuela's 1999 Constitution in a nearly five-hour August 15 nighttime speech to the National Assembly, his cabinet and other senior BRV officials, and members of the diplomatic corps, including the Charge. Chavez also recognized his special guests: the visiting Foreign Minister of Mali and a small group of red-shirted "revolutionary" students. The Venezuelan president stressed that he was re-elected in 2006 based on his pledge to build a "socialist" state, and the constitution had to be modified accordingly. Noting that his "revolution" is both peaceful and democratic, Chavez nevertheless warned the opposition that "the revolution is armed!" Chavez repeatedly urged the National Assembly to debate and improve his "humble" proposals, but at other times suggested that his ideas for change should be implemented "as is" as soon as possible.

13. (SBU) As he did in the run-up to his presentation (Ref A), Chavez claimed his changes would give more power to the people and make Venezuela more democratic. In the middle of his speech, Chavez stated that only socialism makes real democracy possible, and democracy is impossible under capitalism. He accused the United States of being a dictatorship of the rich and trying to impose its dictatorship on the rest of the world. The BRV audience periodically burst into "revolutionary fervor," chanting slogans such as "they'll (the opposition) never return" ("No volveran"). Attendees had to wade through phalanxes of red-shirted Chavez supporters, who controlled all points of entry to the area around the National Assembly.

14. (SBU) After Chavez' speech, National Assembly President Cilia Flores urged the NA deputies to work quickly to review and pass the Venezuelan president's proposals. She also asked the National Electoral Council (CNE) to be ready to hold a national referendum before the end of the calendar year. The National Assembly must review and pass modifications to the constitution three times by a two-thirds majority before they go to a public referendum. The National Assembly is composed of only pro-Chavez deputies due to the opposition boycott of the 2005 parliamentary elections. Three small pro-Chavez parties, the Communist Party, Patria Para Todos, and Podemos, have declined to join Chavez' proposed United Socialist Party of Venezuela (PSUV) and could potentially offer independent views on the proposals.

Indefinite Re-Election

15. (SBU) Late in his speech, Chavez vigorously defended his proposal to eliminate presidential term limits and extend the presidential term of office from six to seven years. He

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stressed that many other countries do not have executive term limits and that re-election is not guaranteed but depends on the support of the "sovereign people." He also noted that he had announced his intention to do away with presidential term limits during the 2006 presidential campaign, so it should come as no surprise. BRV officials and legislators roundly applauded Chavez' denial that he intends to "put himself on a throne." Chavez did not suggest eliminating the two-term limit for governors, mayors, and National Assembly deputies.

New Geometry of Power: Centralization

16. (SBU) Chavez spent considerable time explaining his "new geometry of power," one of the five motors of his socialist revolution. Chavez said Venezuela needs the new structure of a socialist state and criticized existing state and local bodies as vestiges of Spanish colonialism. In a rambling discourse, Chavez attempted to explain his ideas for the formation of new sub-national government entities: Special Military Regions, Functional Districts, District Missions, Federal Cities, Federal Territories, Federal Municipalities, Federal Provinces, Maritime Regions, Communes, and Communal Cities. He specifically said Caracas and its boroughs should be made into a Federal District and renamed "Cuna de Bolivar y Reina del Guaraira Repano." The common thread in all of these new entities is that they would be led by persons appointed by the President, not elected.

Populist Proposals

17. (SBU) The Venezuelan president proposed numerous populist measures intended to generate greater public support for his constitutional package. For example, Chavez proposed

creating a constitutional framework for the Bolivarian social missions and reducing the work week from eight hours a day and up to 44 hours a week to six hours a day and up to 36 hours a week (Ref B). He also argued that a Social Stability fund should be set up for self-employed workers. Chavez claimed that the reduction in the work week could create up to 25 percent more jobs and that the state and workers would sustain the Social Stability fund. Chavez' constitutional changes would also incorporate elements of "communal power," such as community councils, workers councils, student councils, and communal cities, into the revised constitution.

New Forms of Property

¶18. (SBU) Chavez stressed that private property would not be affected by constitutional reform, explaining socialism often failed because private property was eliminated all at once and noting that forms of private property exist in Cuba. The proposed constitutional changes would redefine property into five different categories: social, public, collective, mixed and private property (Ref B). Chavez subdivided social property into direct and indirect categories, describing indirect social property as belonging to the people, but run by the State, and direct social property as controlled by the people through Communal Councils or other community organizations. Collective property belongs to cooperatives and collectives, and mixed property is a joint enterprise or mixed company that is partially owned by the government and private industry.

¶19. (SBU) Chavez also proposed that the state reserve for itself the right to develop the hydrocarbon and gas sectors, and forbid all monopolies and large landed estates (latifundios). The revised constitution would allow for the state to take over any agriculture sector deemed necessary to guarantee food security and permit the BRV to immediately expropriate property before legal due process.

No More Pretense of Central Bank Autonomy

¶10. (SBU) Chavez also proposed eliminating any autonomy for the Central Bank (BCV) and giving direct control of Venezuela's international reserves to the President (himself). While the 1999 Constitution protected Central Bank autonomy, Chavez has had de facto control over BCV since

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2005 (Ref C). The revised constitution would state that the monetary system should support the needs of the "socialist state" and the good of the people over any other consideration. The revised language states that the president and the BCV would, in coordination, establish monetary policy.

Politicizing the Armed Forces

¶11. (SBU) Criticizing what he called an outdated dependence on U.S. military doctrine, the Venezuelan president also proposed that the Bolivarian Armed Forces be "essentially patriotic, popular, and anti-imperialist." He specified that the Armed Forces would be composed of the Army, Navy, Air Force, and the Territorial Guard (currently called National Guard) and the "Popular Bolivarian Militia" (currently called the Military Reserve). Chavez proposal would convert the National Guard into "an essentially military body," parallel to the traditional branches of the armed forces. Among other responsibilities, the armed forces would apply defense principles related to the "popular war of resistance," help maintain "internal order," as well as participate in economic

development plans.

Unannounced Changes

¶12. (SBU) The Venezuelan president skipped over a number proposed changes "to save time." Among the changes he did not discuss is his proposal to give the BRV considerably more authority to regulate elections and international support for organizations with "political goals." Chavez proposes reinstituting public financing of campaigns while at the same time giving the BRV the authority to regulate campaign contributions, the amount of advertising, use of public spaces, and the length of electoral campaigns. All organizations with "political goals" and candidates would be prohibited from received contributions from all foreign public and private entities.

Comment

¶13. (C) Chavez foreshadowed most of these concrete proposals for constitutional change over the last several weeks. While the proposed changes are not surprising, they are sweeping in that they would concentrate even more power in the hands of the Venezuelan president. Moreover, with no real checks on his power from other branches of government, Chavez will be able to implement these ideas as he sees fit. Nevertheless, in trying to garner greater public support for his ideas, including the elimination of presidential term limits, Chavez is running the risk of making empty populist promises. The BRV is likely to have a difficult time sustaining a 36-hour work week and providing social benefits to the self-employed, for example. Passage in parliament, however, is all but assured, and the fractured, strategy-less opposition does not appear to be in a real position to challenge Chavez' formidable electoral machine.

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